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# Prospects for Foreign Trade in



**DAIRY and POULTRY PRODUCTS**

Foreign Agricultural Service  
UNITED STATES DEPARTMENT OF AGRICULTURE  
January 1939



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## PROSPECTS FOR FOREIGN TRADE IN DAIRY AND POULTRY PRODUCTS

### I. DAIRY PRODUCTS

Foreign trade prospects for U.S. dairy products in the year immediately ahead are poorer than they were at this time last year. Longer run considerations do not indicate much improvement.

There are several reasons for this. In the main dairy producing and consuming areas, total milk production and output of dairy products are increasing faster than population is growing. Also, per capita consumption of dairy products is increasing very slowly--or is virtually static in some important countries, so larger supplies of exportable dairy products are available. But import markets are shrinking in the economically advanced countries because national policies have stimulated domestic milk production. International dairy product prices have weakened, particularly the prices of butter, and export aids have increased. Although some remedial measures affecting production, trade, and consumption have been applied and others are being considered, the prospects for substantial improvement of the overall situation in the year ahead are poor.

The two most important U.S. dairy product export items--evaporated and dry whole milk--face much stiffer competition in the year ahead. Evaporated milk is encountering growing competition from coconut-oil filled milk in the Republic of the Philippines and continued price competition from Dutch evaporated milk. Dry whole milk is encountering increasingly vigorous price and promotional competition from Canadian, Danish, and Dutch milk in its best market, Venezuela. Commercial exports of butter and nonfat dry milk may be slightly larger than the very low level of 1958. However, potential growth in U.S. commercial exports of nonfat dry milk will be limited by large foreign supplies at lower prices.

#### Current World Situation

Reported world production of milk is continuing to increase at about the same rate as in the past few years--about 2 percent annually. This is slightly in excess of annual population increase in those areas of the world where milk and dairy products are extensively produced and consumed. Since milk cow numbers in most of the important dairy countries have declined during the past several years, increased milk production continues to reflect greater annual production per cow. It also reflects generally favorable weather, augmented by vigorous national policies of direct and indirect aid, including import protection to the domestic dairy industry. In major exporting countries, these policies have made more milk and dairy products available both for domestic consumption and for export; in importing countries, they have likewise caused increased availability for consumption and a consequent shrinking of import demand.

Utilization of milk as fluid milk apparently lagged slightly behind population increase in 1958, as in 1956 and 1957, and has not kept up with increased milk production. This has meant greater use of milk in manufactured dairy products. Output of butter, cheese, and nonfat dry milk has increased. Production of canned and dry whole milk has somewhat declined recently, in response to some market shrinkage.

The combined effects of larger milk production, slowly increasing fluid milk consumption, and shifts in the utilization of milk have resulted in greater availability of butter, cheese, and nonfat dry milk for export and in increased pressure to move these products in international trade.

International trade in dairy products is closely controlled under licenses, quotas, bilateral agreements, and restrictions on exchange availability. Thus the pressure of greater supplies was unevenly distributed in world markets. Substantially increased quantities of dairy products, chiefly butter and cheese, tended to move into the United

Kingdom, the world's only relatively free market. Prices declined substantially during 1957 and early 1958, but cheese prices advanced sharply late in 1958. During the spring and summer of 1958, the overall situation deteriorated; consumption gains lagged, dairy surpluses accumulated, and prices slumped both in controlled and uncontrolled markets. This situation, sharply increasing the costs to government treasuries in Western Europe and in areas of supply to Western Europe, caused serious concern and obtained the close attention of national governments and international organizations. Some remedial measures along the lines of checking increased milk production, stimulating consumption, and some easing restrictions on market entry have been suggested, and others are being studied.

### Butter

World butter production increased about 4 percent in 1957 to 10.3 billion pounds, and probably at least 2 percent more in 1958. Europe--including Russia which claimed a 12-percent increase (145 million pounds)--accounted for much of the 1957 increase. In 1958, butter production was down in Denmark and Finland, but was up elsewhere, particularly in France, West Germany, the Netherlands, Ireland, New Zealand, and Canada. U.S. production, down slightly from 1957, reached the lowest level since 1952.

Total trade in 1958 was up from a year earlier, as it has been every year since 1954. Chief participants in increased trade in 1958 were New Zealand, the Netherlands, Finland, Sweden, and Ireland; Denmark and Australia registered smaller increases. U.S. exports were down from 1957.

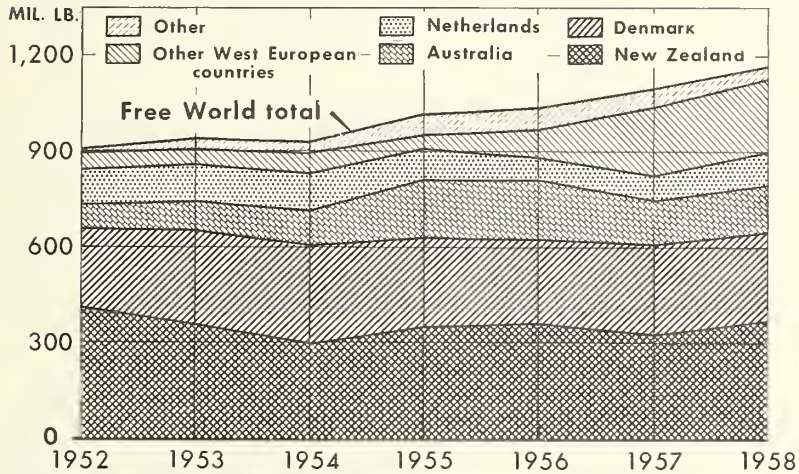
The chief shifts in trade were a very large increase in United Kingdom imports--about 150 million pounds--and a decline of approximately 80 million pounds in West Germany's imports. This shift has caused world butter imports to concentrate even more heavily in the United Kingdom, which took nearly 90 percent of the total in 1958. Finland, Sweden, and Ireland showed particularly sharp increases in exports to the United Kingdom. Imports were substantially lower in Italy too, and also down in Switzerland.

Butter consumption increased substantially in Sweden, Denmark, and the Netherlands, where domestic retail prices were lower as a result of industry or government actions. Butter prices were lower also in the United Kingdom as a result of heavier supplies in a free market situation, and consumption gained over 1957 levels. In other European countries, consumption changed little, for supports prevented reductions, and butter prices continued largely unchanged.

The effects of some European measures, such as lower dairy price supports in the Netherlands and Sweden and reductions in aids to milk production in other countries, may be felt in 1959 in the form of larger consumption and smaller gains in output. In April 1958, the Dutch Dairy Board reduced the price support level for butter about 14 cents per pound and for cheese about 4 cents per pound. In May Sweden's domestic butter price was reduced 17 cents per pound. Both moves were made to encourage greater domestic consumption of butter and to relieve the pressure of heavy surpluses. Both measures portend lower average prices to milk producers, although the effect in the Netherlands was not felt by milk producers until November. In New Zealand, the minimum price guarantee for 1958-59, although lower than last year, does not fully reflect lower export realization, and production will probably continue to increase. In Australia, the guaranteed price for 1958-59, which is limited to the quantity entering domestic consumption plus 20 percent, was decreased about 2.5 cents per pound, factory basis, but the domestic butter price was raised 2 cents per pound. In Ireland, milk producers are being assessed for a larger share of losses on exported butter.



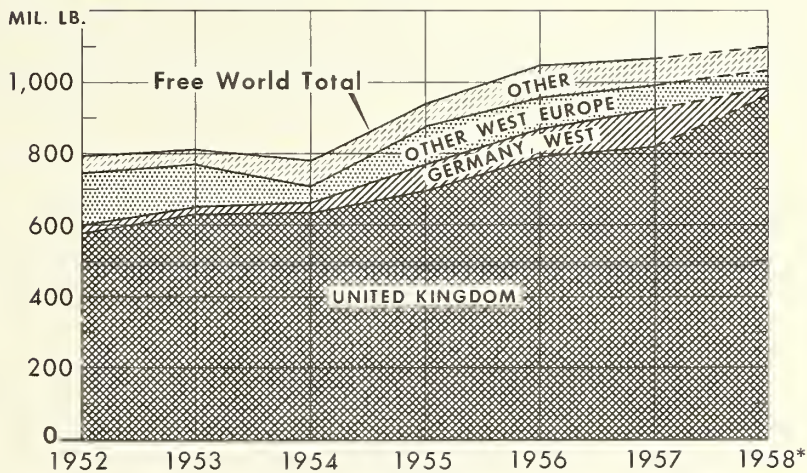
## Small West European Exporters Increase World Butter Trade



USDA

FAS-NEG. 1644

## United Kingdom Takes Nearly 90 Percent of Free World Butter Imports



USDA

\* PARTLY FORECAST

FAS-NEG. 1821

## Cheese

World cheese production increased to an alltime record in 1957. Production in 24 major producing countries reached 5.7 billion pounds, nearly 4 percent above 1956. Production of cheese appears to have increased in 1958, but the gain is likely to have been smaller than the increase in 1957. Prospects for 1959 are for a further modest increase and continued, but perhaps lessened, pressure of supplies on limited markets. In 1957 and 1958, as in the past, the major increase occurred in Cheddar or similar types of cheeses. Increased production in 1958 appears to have been fairly general in Europe, but in the United States and Canada production was lower than in 1957. Australian production is recovering from drought-caused reductions. Output in New Zealand declined moderately early in the 1958-59 season, but may recover later.

Total international trade in cheese in 1958 probably did not differ much from that in 1957 in terms of physical movement, but the trade in Cheddar-type differed substantially in terms of prices, origins, and destinations. United Kingdom imports were down considerably from both Commonwealth and other sources. West German imports were up sharply, chiefly those from the Netherlands and Denmark.

International prices of cheese, particularly Cheddar, were under the pressure of larger supplies and limited markets in the last quarter of 1957 and early in 1958. Though the greatest price decline occurred in Cheddar cheese, other more specialized varieties declined somewhat also. Cheddar cheese prices in the United Kingdom market, the most sensitive price barometer for bulk cheese in Europe, fell to 16 cents per pound wholesale in the fall of 1957, but advanced sharply in the fall of 1958. Prospects for 1959 are uncertain, but little further increase is expected. Prices for the more specialized varieties of smaller volume, such as Gouda, Edam, Blue, Emmental, and Italian types, generally declined less than did Cheddar cheese. Production and market conditions for these cheeses do not support expectations of much increase in prices in 1959.

### Dried Milks

World production of nonfat dry milk has continued to increase. A very large proportion of this product continues to move abroad under either government donation or at concessional prices. From all indications, this situation will continue in 1959, although some modest increase in commercial sales may also occur as uses and markets are gradually widened and increased. Prices will be weak, however, as there is no indication that the supplies pressing on available markets will diminish. World production of dry whole milk, which increased in 1957, was down somewhat in 1958.

Dry whole milk output is rather closely tailored to market demand; so, since it appears that some importing countries will continue to increase their own production, 1959 may see a small reduction in the volume of this product moving in international trade.

### Canned Milks

For evaporated unsweetened milk, both production and trade were slightly higher in 1957 than 1956, but both declined in 1958 and may decline further in 1959. The major feature in 1958 and in the prospect for 1959 is the displacement, probably permanent, of part of the sales of evaporated milk by filled canned milk, using vegetable-fat, in the Philippine Republic, the largest evaporated milk import market.

Condensed (sweetened) milk production and trade can also be expected to decline in 1959 to somewhat below the 1958 level. This product is also produced in close accordance with expected market demand, and carryover stocks are usually small. The chief features of the recent situation are a static production and trade situation in 1957, with some weakening of prices, and a moderate decline in production and trade in 1958, with continued downward pressure on prices. Prospects for 1959 are somewhat cloudy, since in some of the major countries that import this product, the foreign exchange situation is becoming more difficult and is unlikely to show much improvement.

## United States in the World Situation

Although world milk production continued to increase in 1958 and promises to increase again in 1959, U.S. milk production in 1958 was about the same as in 1957, and current prospects for 1959 indicate only a very modest increase.

U.S. output of most manufactured dairy products in 1958 was below that in 1957 and acquisitions of butter and Cheddar cheese by the Commodity Credit Corporation (CCC) in the price support program were substantially smaller. The use of milk for fluid consumption is expected to grow in 1959, reflecting the population increase; thus there may be a smaller quantity of milk available for manufactured dairy products, chiefly butter



and cheese, the traditional residual claimants. It is expected that production of nonfat dry milk will show some further increase. Output of dry whole milk and canned will continue to reflect market demand, which may be down somewhat for both products from 1958 levels. Prices for butter, cheese, and nonfat dry milk probably will continue to depend upon the support levels, which are yet to be announced for the 1959-60 marketing year.

Exports of dairy products from the United States have seldom claimed more than 1 percent of total milk production, largely because their prices have been well above the levels ruling in international trade. When large exports have occurred, they have mainly resulted from government programs involving donations and concessional price sales for specific uses. This is especially true of nonfat dry milk. The two dairy products that have historically been exported on a commercial basis are canned and dry whole milk.

### Canned Milks

In recent years, canned milk exports have consisted largely of evaporated milk, since commercial exports of sweetened condensed milk have virtually ceased. U.S. commercial exports of evaporated milk have been declining sharply during the past 4 years. They were 93 million pounds in 1956 and only 62 million in 1957. Total exports were 170 million pounds in 1956, 164 million in 1957, and probably not over 100 million pounds in 1958. U.S. commercial exports of condensed milk in 1958 were less than 1 million pounds, although total exports, chiefly made through Section 402 programs of Public Law 665, were nearly 38 million pounds. Exports in 1959 will be similarly dependent on Section 402 financing. Indochina was the largest taker in 1957 with 28 million pounds, and Burma was second with 5 million.

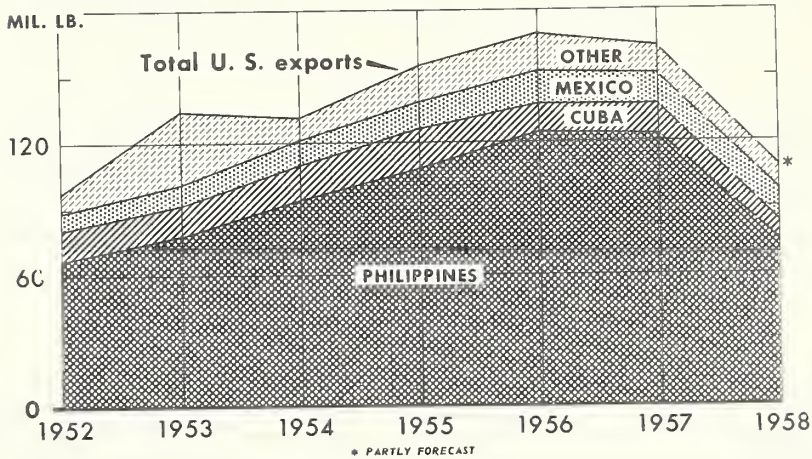
U.S. processors of canned and dry whole milk for export are competing with Dutch canned milk in the Far East--principally in the Republic of the Philippines--and with Danish and Dutch dried whole milk in the Western Hemisphere--principally Venezuela. These U.S. exporters are at a distinct price disadvantage, and only the strength of firmly established brand preference based on vigorous sales promotion, attractive packages, and uniformly high quality has prevented more serious inroads by foreign competitors.

The basis of this strong price competition is the fact that the U.S. processors have to purchase their raw milk from dairy farmers in competition with creameries, cheese factories, and other dairy processors whose product sale price level is supported, mainly by the level of CCC support prices for milk and butterfat. By contrast, processors of evaporated and dried whole milk in the Netherlands, Denmark, and New Zealand get their milk in competition with creameries and cheese factories whose products sell at prices far lower than those in the United States. This situation has pushed U.S. export prices of canned and dried whole milk well above those of the foreign products.

U.S. canned milk is also meeting competition from a new product. In the Republic of the Philippines--by far the largest foreign market for U.S. evaporated milk--the distribution of canned filled milk, made with coconut oil and nonfat dry milk, began in September 1957. This product has been retailing at prices ranging from 28 to 35 percent lower than those of U.S. evaporated milk. Approximately 1 million cases (48 14-ounce cans) of filled milk were sold in the Philippine Republic in calendar year 1958, and available evidence indicates that most of the filled milk displaced equivalent quantities of imported evaporated milk. Some non-U.S. imports of lower priced evaporated milk were selling at about the same price as filled milk. Nonetheless, the U.S. share of the smaller Philippine market in 1958 actually rose from the 1957 level. Undoubtedly, the competition of filled milk will further reduce the sales of evaporated milk in the Philippines, regardless of origin. It is now being produced in two plants in the Manila area and a third is to begin operations in the spring of 1959. But the clearly established consumer preference for U.S. brands of milk, together with the relatively high proportion which is



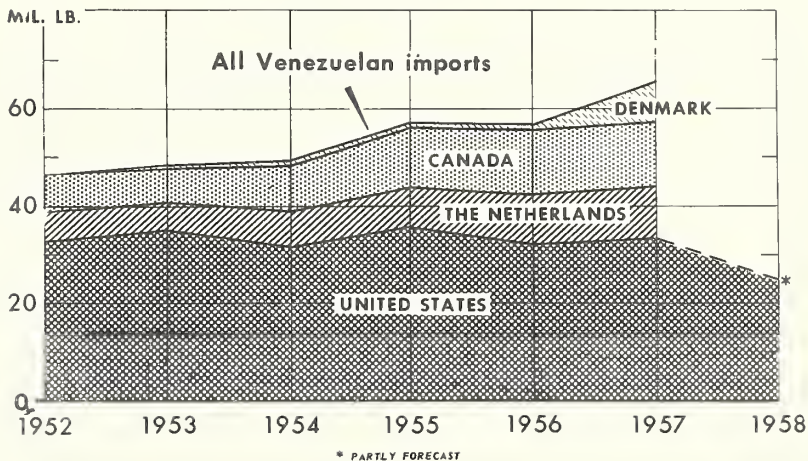
## U. S. Evaporated Milk Exports Drop Sharply in 1958



USDA

FAS-NEG. 1769

## U. S. Share of Big Venezuelan Market For Dry Whole Milk Declines



USDA

FAS-NEG. 1767

used for infant feeding (60 to 65 percent), gives the U.S. suppliers a reasonable chance to hold a substantial part of the total market. Doctors and nutritionists have not yet accepted filled milk as a substitute for evaporated milk in infant feeding.

### Dried Milks

Prospects for holding recent levels of U.S. dry whole milk sales, principally to Venezuela, are not good. Lower priced products from Denmark, the Netherlands, and Canada, combined with the increase in production resulting from growing protectionist influences in the domestic dairy industry, are creating serious competition with the U.S. product. Exports of U.S. dry whole milk to Venezuela during 1958 are expected to be down 25 percent and exports to the Belgian Congo have practically ceased. Lower priced Danish and Dutch milk are tending to prevent new markets from opening to the U.S. product.

Nonfat dry milk sales for dollars in 1958 totaled about 33 million pounds. Current CCC export prices are about at the level of European quotations, f.o.b. U.S. ports, but not on a c.i.f. basis. In Far Eastern and Latin American areas, CCC prices are about 2 to 2½ cents per pound above comparable New Zealand and Australian quotations. Prospects for dollar sales at the CCC export prices of 9.05 cents per pound (bags) and 9.9 cents per pound (drums) are not encouraging in view of the altered U.S.-foreign price relationship, which has seen prices of foreign milk solids declining, while the CCC price has not changed.

### Butter and Cheese

Butter and cheese exports from the United States have always been small, chiefly because of noncompetitive U.S. prices. For the past 3 years, CCC has made butter available for export at 39 cents per pound, f.o.b. port of export. This price has remained fixed, while the general level of prices for butter moving into international trade has declined. Current returns from butter exported to the United Kingdom are running about thirty cents per pound, f.o.b. factory in Australia and New Zealand, compared with support prices of about 73 cents per pound in highly protected European markets, such as Belgium and France, and about 65 cents per pound in West Germany, historically the second largest butter importer in the world. Thus, prospects for U.S. commercial butter exports to areas outside Western Europe at 39 cents per pound are almost negligible. The total for 1958 was approximately 1.5 million pounds against a total production of 1.5 billion.

Cheddar cheese is the most important of the internationally traded cheeses. The CCC export price is 22 cents per pound, f.o.b. export port. Current quotations for New Zealand first grade Cheddar delivered to the United Kingdom--a free market--are close to 35 cents per pound. Prices for Cheddar cheese elsewhere are slightly higher, but prospects for U.S. dollar sales are strictly limited. CCC sales for dollars in 1958 amounted to about 2 million pounds. Private commercial sales of specialized variety types amounted to about 7 million to 8 million pounds. These will probably continue at about this level in 1959.

TABLE 1.--CCC dollar sales of dairy products for export, 1956-58

Product	1956	1957	1958 <sup>1</sup>	Percentage change from 1957
	<i>Million pounds</i>	<i>Million pounds</i>	<i>Million pounds</i>	<i>Percent</i>
Nonfat dry milk.....	36.9	41.6	33.0	-21
Cheese.....	7.8	5.0	2.0	-60
Butter.....	8.2	4.9	1.5	-70

<sup>1</sup> Estimated on the basis of sales, January through September.

## Building World Markets

### On-the-Spot Surveys

In 1958, increasing emphasis was placed on developing markets for U.S. dairy cattle and dairy products. Market survey work was intensified and expanded, especially into new areas, and much of it was directed to obtaining answers to specific marketing questions.

For example, an FAS marketing specialist and a leading authority on dairy cattle visited eight Latin American countries to investigate the problems of dairy cattle importers. Also, they evaluated and summarized the nature and extent of each country's



current and prospective market for dairy cattle by breed, age, and sex. By helping resolve trade complaints, by giving practical guidance to the solution of breeders' problems, and by suggesting the type of dairy cattle most suitable to their needs, this team engendered considerable good will among producers. The result has been increased producer cooperation in dairy product quality, in market improvement, and in development programs, and the use of U.S. dairy cattle and dairy products. In addition to writing a Circular and an article for Foreign Agriculture, the specialist reported to several U.S. breed associations his suggestions for the solution of marketing problems and specific export opportunities for each breed of dairy cattle.

Earlier, another marketing specialist, in the company of a dairy industry representative, visited Chile, Peru, and Ecuador to explore in detail opportunities previously observed and also Colombia to observe the progress of the dairy market development project sponsored by the FAS and the Dairy Society International (DSI).

In Chile, they found a need in the Santiago market for a milk-recombining plant to alleviate seasonal shortages. A proposed program is now being developed.

In Peru, opportunities for establishing a milk-recombining plant in Talara appeared favorable, and private investors are now considering means for developing this market.

Another effort to develop markets in Latin America took an FAS dairy marketing specialist and an industry representative to Brazil, Chile, Peru, Ecuador, Colombia, and the island of Aruba. In Brazil, inquiries by government and trade that resulted from the Brazilian Food Exposition at São Paulo, were followed and answered, and cooperative contacts were proposed under the dairy market development project in that country. Partly as a result of leads obtained at that Exposition, recombining plants, using U.S. products, are being planned by industry for some cities in Chile and in several other areas of Latin America.

In Lima, Peru, the team helped stimulate a desire for an FAS-DSI program similar to that being carried on in Medellín, Colombia. In Ecuador, a leading local producer-processor is interested in cooperating to establish a demonstration pasteurizing and ice cream plant which may require U.S. ingredients. In Colombia, the team inspected the FAS-DSI project, reported favorably, and made certain technical recommendations. It also uncovered the possibility of developing an ice cream demonstration plant, using U.S. ingredients, at a Colombian college. In Aruba, it noted a favorable latent demand for quality recombined milk, and a U.S. dairy company is planning further development of this demand.

#### Participation in Meetings

FAS representatives participated in both national and international dairy meetings during 1958. For example, a representative was on the program of the annual meetings of the American Dry Milk Institute and the Pacific Dairy and Poultry Association, where he outlined the export picture. Such activities are of a continuing nature.

In meetings of the FAO Committee on Commodity Problems and in both the Consultative Subcommittee on Surplus Disposal and the Working Group on Dried Skim Milk, U.S. interests have been represented. Proposals involving U.S. participation in international cooperative measures to provide more and better quality milk and milk products in underdeveloped areas have been scrutinized in terms of economic feasibility and relation to long-run joint interests of the United States and these friendly countries.

An FAS representative was a member of the official U.S. delegation that participated in an FAO meeting of experts on the "use of designations, definitions, and standards for milk and milk products." Twenty countries had official delegations and seven countries had observers at this meeting. In addition, a representative also attended an FAO meeting of governmental experts concerned with "national dairy policies."



## Overcoming Dollar Shortages

One way dollar shortages are being overcome is by the use of dollar export credits. The need for such credits for foreign buyers of U.S. dairy products and dairy cattle became more acute in 1958, especially in the less industrialized countries. There were at least two reasons for this need. The first related to the sharply increasing inflation and falling foreign currency values which accompanied declining prices for raw materials--mineral as well as agricultural. The second included the increasingly unfavorable position in which U.S. exporters found themselves as a result of the credit facilities offered by competing exporters in both Free World and Communist countries.

The Export-Import Bank authorized a second \$5-million loan at the beginning of the year to Mexico for U.S. cattle purchases; such purchases, especially of U.S. dairy breeds, are expected soon in increasing numbers. Purchases by Venezuelan importers under a \$200,000 loan also are expected in the near future. No loans to U.S. exporters of dairy products are being considered, however, owing to the necessarily short-term and limited nature of such loans and to the policy of not loaning on exports for which other financial facilities are available.

While it is anticipated that loans to be approved under the Cooley Amendment (sec. 104(e), P.L. 480) will lead indirectly to a net increase in exports of U.S. dairy breeding stock and dairy products, the effect of these loans may not be felt for some time. They are to be made on producing, processing, and market facilities from materials of local origin.

CCC loans, which are authorized only to exporters of commodities in USDA inventory, have so far been limited to small quantities of nonfat dry milk, in late 1956 and early 1957. No loans on exports of dairy products were made during the year under review.

Although several loans have been made under the Development Loan Fund (DLF) since its activation early in 1958, these loans are available only when credits are not obtainable elsewhere. This, and the fact that high priority is assigned to projects which either earn or save foreign exchange or which increase the local per capita production of essential goods, would indicate that any improvement such loans may bring in export prospects for U.S. dairy cattle and dairy products will be indirect or long-term in nature.

Loans by the International Bank for Reconstruction and Development (IBRD) have furnished an important source of credit in recent years for the importation of several hundred thousand dollars worth of U.S. dairy cattle into Argentina, Peru, and Nicaragua. In addition, this source of loans recently has served to finance the importation of modern dairy processing facilities into Nicaragua and of two dairy plants and cold storage port facilities in Peru. Thus, IBRD loans tend to facilitate market development not only for U.S. dairy breeding stock but indirectly for the relatively more perishable dairy products.

Another means for overcoming dollar shortage is the U.S. Government programs designed for this purpose. The fairly heavy exports of U.S. dairy products in recent years would not have been possible except for these programs, mainly Public Law 480, the Agricultural Trade Development and Assistance Act of 1954, as amended. Nonfat dry milk, butter, and cheese, all purchased by CCC for price-support purposes, have been the leading dairy items exported under government programs. Particularly important has been Title III of Public Law 480, which authorizes CCC to donate surplus dairy products to voluntary relief organizations for free distribution to needy people in friendly foreign countries.

Under the barter provisions of Public Law 480, only 6.8 million pounds of nonfat dry milk and even smaller quantities of butter and cheese had been shipped abroad in exchange for strategic materials through fiscal year 1958. Though the barter program involves

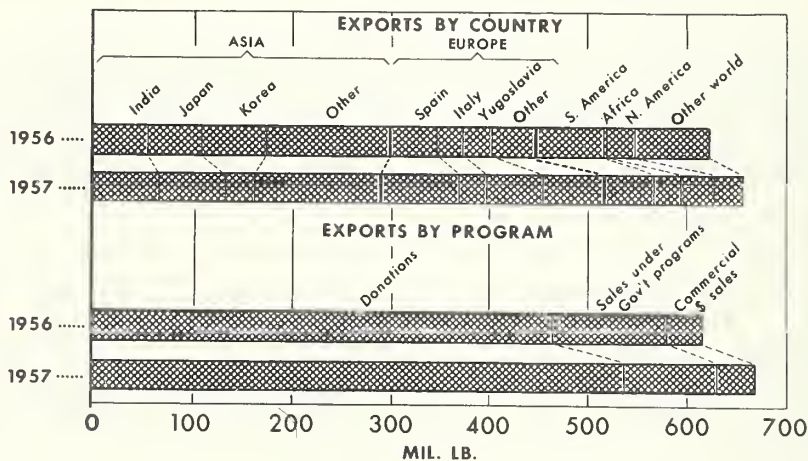
many difficulties, significantly larger quantities of dairy products are likely to be exported in this manner in fiscal 1959.

For payment in local currencies (Title I, P.L. 480), butter has been the leading dairy product exported, in terms of value, and has comprised about one-third of the more than \$40 million (CCC cost) of dairy products exported under Title I from July 1954 through June 1958. About half of this butter was exported to Israel during the early part of 1958. Under this program, too, 8 million pounds of ghee was exported, most of it to Pakistan during the period 1956-58. Butter exports under Title I will decline sharply in 1959, since dollar sales and domestic donation programs will about exhaust current CCC stocks and anticipated purchases for local support.

Although small in the first 2 years of the program, sales of nonfat dry milk under Title I have since increased. Nonfat dry milk was a major dairy item included in Title I programs in 1958 and will continue in this role through 1959. Through 1957, Greece and India had been the principal buyers of nonfat dry milk for local currency. In 1958 sizable quantities were sold to Israel, the Philippines, Turkey, and Poland. Cumulative purchase authorizations for nonfat dry milk through fiscal year 1958 totaled about \$13 million.

Cumulative purchase authorizations issued through fiscal year 1958 for other dairy products, cheese, evaporated and condensed milk, dried whole milk, and whey totaled about \$13 million. Authorizations for purchase of these items were issued to the following countries: Greece (for evaporated milk), Israel (cheese), Burma (evaporated and condensed milk) and Taiwan (dry whole milk).

### Commercial Exports of U. S. Nonfat Milk Up But Donations Still Largest Foreign Outlet



USDA

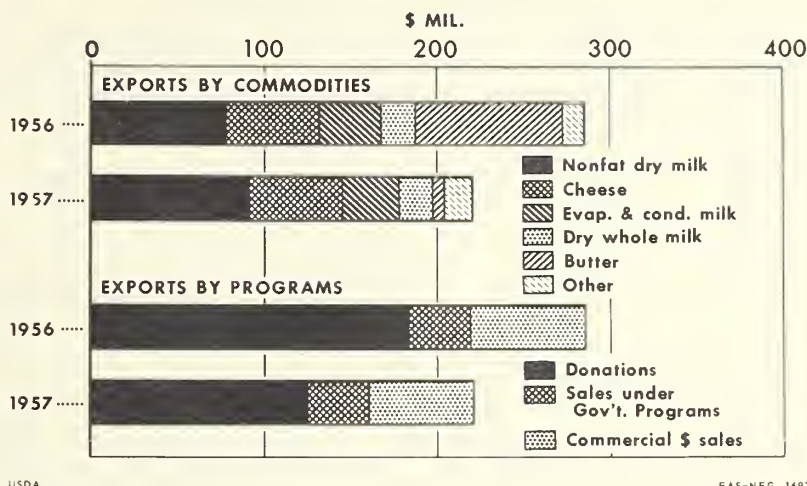
FAS-NEG. 1693

Dairy products made available to foreign countries under Title II of Public Law 480 (grants to meet famine or extraordinary relief requirements) through June 30, 1958, totaled about 230 million pounds. The bulk of shipments under this program have been nonfat dry milk and cheese. Large shipments of nonfat were sent to Italy, Japan, and Turkey in 1956 and 1957. Italy, Hungary, Turkey, and Tunisia received sizable shipments of cheese under this program.

For the past 3 years, shipments under Title III of Public Law 480 (food donations for relief and charity) have accounted for the bulk of U.S. exports of dairy products. In 1955 and 1956, when butter and butter oil were eligible for foreign donation, about 75 percent of U.S. exports of butter moved under this program. As stocks were reduced and CCC acquisitions for price-support purposes declined in late 1956, butter became ineligible



## Drop in U. S. Dairy Exports Due Largely To Less Butter for Donations



for foreign donation. Only a small quantity of butter committed prior to the cutoff date moved under this program in 1957.

From 1955 through 1957 roughly 80 percent of U.S. exports of cheese moved under Title III relief programs. Sizable shipments of cheese continued to be made under this program through the first half of calendar year 1958, but because of reduced stocks and a decline in the rate of acquisitions for price-support purposes, cheese also has been declared ineligible.

Shipments of nonfat dry milk under Title III relief programs have increased each year since the program was initiated. For the 3 years, 1955 through 1957, most of the nonfat dry milk has been Title III donations. In contrast to the situation for butter and cheese, large supplies of nonfat are still available and CCC acquisitions for price-support purposes continue at a high rate. Donations accounted for about 61 percent of nonfat exports in 1957, and the bulk of all shipments of this product in 1958 will continue to move under this program.

Under section 402 of Public Law 665, programing of dairy products by the International Cooperation Administration has been highly concentrated as to both the items and their distribution. Section 402 since 1955 has been in the form of canned milk, 70 percent evaporated and 30 percent condensed. Practically all of the evaporated milk was programed for the Philippines and most of the condensed milk for Indonesia, with a small amount for Taiwan.

### Lessening Trade Barriers

There has been little change in foreign country restrictions and barriers that limit U.S. imports of dairy products. On most prospective dairy markets, U.S. dairy products are faced with high import duties and other import restrictions that have as their purpose protecting the development of local dairy industries and conserving foreign exchange.

### Private Trade Activities

Private U.S. exporters of dairy products and dairy cattle have continued to enlarge or maintain existing foreign outlets and develop new ones, as well as to work with the cooperators in fairs and in other FAS development projects. In support of the latter, they have furnished pictures, films, and educational and publicity material. They have par-



TABLE 2.--Cumulative exports of dairy products under specified government programs, fiscal years 1955-58

Product	Public Law 480				Public Law 665, Section 402 (economic aid)	Total
	Title I (foreign currency sales)	Title II (famine and emergency relief)	Title III			
			Section 416 (foreign donations)	Barter		
	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds
Nonfat dry						
milk.....	57.7	133.6	1,521.0	6.8	--	1,719.1
Cheese.....	17.2	65.3	396.4	0.6	0.6	480.1
Butter.....	23.9	30.2	<sup>1</sup> 317.8	0.3	4.6	376.8
Anhydrous milk						
fat and ghee.	8.4	2.4	--	--	--	10.8
Evaporated						
milk.....	21.4	--	--	--	207.8	229.2
Condensed milk.	8.3	--	--	--	87.1	95.4
Dry whole milk.	3.1	--	--	0.2	1.7	5.0

<sup>1</sup> Includes butter equivalent of butter oil.

ticipated actively in such trade fairs as the one at Zagreb, Yugoslavia. A number of leading dairy product exporters, at their own expense, have made on-the-spot surveys aimed at direct market development and the solution of marketing problems, and have advised FAS on their findings. They have directly supported FAS marketing specialists in sales promotion for dairy products and cattle and in solving quality problems for the development of long-term markets. They have cooperated with FAS marketing specialists in supplying technical aid and advice on improved handling, storing, grading, displaying, packaging, and the use of other marketing devices. They have cooperated in supplying trade lists and contacts and have offered counsel in product utilization techniques and in quality improvement. This has been done at little or no expense to the U.S. Government.

#### Projects Using Foreign Currencies

In 1958, work was intensified and expanded on building foreign markets for U.S. dairy products with local currencies accruing from sales under Title I of Public Law 480. In the program of recombining milk distribution in Bangkok, Thailand, where milk production is negligible, the free distribution of milk, ice cream, and other products to schools, higher income homes, and other effective outlets by DSI, the cooperator, was continued, although at a slightly reduced pace. The educational and promotional work was effectively coordinated, and supplemented by private effort. Commercial sales of the recombining firm increased sharply, especially as a percentage of total distribution. This program not only is improving the dietary pattern and demand by developing and promoting the habit of consuming milk and dairy products, but is serving as a valuable demonstration to visitors from nearby Burma, Pakistan, and India, where related projects are being initiated, and from other nearby markets.

In Colombia, where the quantity of good milk being produced is inadequate to satisfy per capita needs, an FAS-DSI long-range program was continued. It is aimed at (a) educating producers on the reasons for and advantages of producing, handling, and distributing good milk; (b) educating consumers on the advantages and necessity of its proper handling and use; (c) market promotion to increase demand through expanding and increasing milk consumption habits; and (d) providing the facilities and opportunity to import and use U.S. recombining ingredients. These ingredients would be needed to satisfy a part of the additional demand thus created. As soon as the effectiveness of all phases of this program has been established, it should prove an important demonstration for other countries whose milk production is unsatisfactory in quantity or quality and

whose milk producers should recognize both the direct and indirect advantages of cooperating in such a program.

As a means of demonstrating U.S. intentions of cooperating with and aiding in the development of the dairy industry of foreign countries, of expanding the market for U.S. dairy cattle, and of otherwise encouraging the cooperation of foreign producers, FAS has entered into several projects in cooperation with the Purebred Dairy Cattle Association (PDCA) and its member associations and with foreign government agencies dedicated to improving the quantity and quality of milk and other dairy products. These projects include (a) the establishment of college and similar demonstration herds for U.S. cattle in Brazil, Chile, and Ecuador, and also in Peru, where three such projects are now being carried on; and (b) the use, by invitation, of U.S. dairy judges who have proven effective in encouraging the selection of proper U.S. dairy types for the needs of each area in Argentina, Chile, Colombia, Ecuador, and Peru. Projects to survey markets for dairy cattle had been completed earlier.

At the close of the year, project activities were intensified in Brazil for developing new uses and new combinations of milk with other products with accent on low-cost indigenous items. DSI has submitted contracts with reliable firms for carrying out these purposes. Plans were being made to activate projects in Burma, India, and Pakistan along similar lines, and the possibility of using recombining plants in these countries was being closely studied. In Chile the recombining milk program, established in cooperation with DSI and cooperating firms, was rapidly taking form.

#### Trade Fairs

DSI has been working with FAS through actively participating in international trade fairs sponsored by the U.S. Departments of Agriculture and Commerce. These fairs have been important means of promoting and demonstrating the quality of U.S. dairy products processed by U.S. equipment. These fairs have also been an effective means of showing to foreign governments and trade the tastiness and reasonable cost of U.S. recombined milk, milk drinks, ice cream, and other products. It has tended to overcome resistance and create receptiveness to market development possibilities. It also has opened the way to important educational and trade conferences. Keen interest in U.S. dairy products and U.S. processing and distribution methods was aroused by the food exposition held in São Paulo and has facilitated greater activity in marketing projects in Brazil and Chile. The effects of participation in the Department of Commerce fair at New Delhi, India, at the close of the year, have not yet been fully felt. However, they are believed to have given impetus to a program of recombining in a new milk-deficit, industrialized area of India and to have facilitated a project to introduce other uses for dairy products in that country and in Burma and Pakistan. DSI also effectively participated in the U.S. Department of Commerce fair in Zagreb, Yugoslavia.

#### Special Problems

Certain dairy items, such as butter and cheese, require refrigerated shipping and refrigerated distribution facilities within the country where they are imported. Such facilities are not readily available in the areas where the greatest potential market for dairy products exists.

#### Market Information

For basic information relative to export markets for the principal dairy products, FAS has continued and extended its publication of circulars covering trends in foreign production, world and U.S. trade, and conditions or limitations affecting such trade. Semiannual circulars summarizing U.S. exports of dairy cattle by sex, age group, U.S. area of origin, and country of destination have been added to this series.

For specific detailed guides to exporters and for the development of export programs, FAS has issued special circulars on U.S. market prospects for dairy products in

Turkey and Iran, and others are in preparation for Brazil, Chile, Colombia, Ecuador, and Peru. For a better understanding of export prospects for U.S. dairy cattle in Latin America, the most promising current market, a circular was issued covering Brazil, Chile, Colombia, Ecuador, Guatemala, Honduras, Mexico, and Peru.

Information received from marketing specialists and attachés, of interest to exporters of dairy products, is released in the weekly FAS publication, Foreign Crops and Markets.

The following is a list of circulars published during the past year.

FD 13-57	New Zealand Shipments to U. K. Stand Out in Pattern of World Butter and Cheese Trade	December 2, 1957
FD 14-57	Turkey and Iran Potential Markets for U.S. Dairy Products	December 27, 1957
FD 15-57	World Output of Dairy Products in Third Quarter 1957 Above a Year Earlier	December 30, 1957
FD 1-58	Pattern of World Trade In Dry and Canned Milk, 1955 and 1956, with Indications for 1957	March 10, 1958
FD 2-58	U.S. Dairy Exports Under Title I, Public Law 480, 1956 and 1957	March 14, 1958
FD 3-58	U.S. Exports of Dairy Breeding Cattle, July-December and Annual 1957	March 25, 1958
FD 4-58	World Output of Dairy Products, Fourth Quarter and Annual, 1957	May 2, 1958
FD 5-58	Per Capita Consumption of Dairy Products, 1955, 1956, and Indications for 1957	April 25, 1958
FD 6-58	Milk Production and Utilization in Principal Producing Countries in 1957	June 12, 1958
FD 7-58	World 1957 Butter Production Sets Postwar Record; Cheese at Alltime High	July 17, 1958
FD 8-58	World Output of Dairy Products, First Quarter, 1958	July 28, 1958
FD 9-58	1957 World Trade in Dairy Products Shows Moderate Gain Over 1956	August 28, 1958
FD 10-58	Latin America Best Market for U.S. Dairy Breeding Cattle	September 17, 1958
FD 12-58	U.S. Dairy Product Exports Down in 1957; Decline Continuing	October 3, 1958
FD 13-58	U.S. Exports of Dairy Breeding Cattle, January-July 1958	October 13, 1958
FD 14-58	1958 World Milk Production Estimated Up 2 Percent	October 22, 1958
FD 15-58	World Output of Dairy Products, Second Quarter, 1958	November 7, 1958



## II. POULTRY PRODUCTS

Prospects for U.S. exports of poultry meat are very good for 1959. Exports of eggs and egg products, however, may again decline.

U.S. exports of chicken meat are expected to increase in 1959 to a new record high. U.S. chicken exports, primarily broilers, go mainly to Europe, the Caribbean area, and Canada. Since 1956, Switzerland has been the leading customer. Currently the United States faces very little competition in world markets for high-quality, meat-type birds. However, there are strong indications that total poultry-meat production is increasing in most countries.

U.S. exports of turkeys may be up slightly in 1959 from the very low level of 1958. Turkey exports declined drastically after July 1957, when Canada imposed an embargo. Though such exports to other countries are increasing sharply, they are still very small and do not nearly offset the virtual loss of the big Canadian market.

U.S. exports of shell eggs are expected to decline in 1959 as they have done each year since 1955. Venezuela, the only large market for U.S. shell eggs, is importing fewer from the United States and more from Canada and Denmark, owing to the lower Canadian and Danish prices. World egg production has been increasing in recent years and is expected to be up fairly sharply in 1959. Thus, U.S. egg prices are likely to be high relative to those from competing sources in the important fall exporting period of 1959. Exports of hatching eggs were apparently up in 1958 and may increase again in 1959. U.S. exports of baby chicks may increase moderately in 1959 following sharp declines in the previous 2 years.

### Current World Situation

World production of poultry and eggs is apparently up only slightly in 1958, following the rather sharp increases of other recent years. The actual level of world poultry and egg production is unknown; however, the U.S. is certainly by far the largest producer at about 65 billion eggs and nearly 6 billion pounds of poultry meat per year. Communist China no doubt produces large quantities of eggs and also of poultry meat as a byproduct of egg production. Other Soviet Bloc countries are also important producers, but reliable production data are not available.

### Eggs

Total egg production in 26 Free World countries was reported at 142 billion in 1957, up 2 percent from the preceding year. Excluding the United States, where 1957 egg output was down 1 percent, Free World egg production was up a substantial 5 percent. Declining prices received by producers in many countries resulted in a lower hatch for flock replacement in 1957 and a consequent leveling off in egg production in late 1957 and early 1958. The hatch this past spring has been up rather sharply, however, and egg output may again advance considerably this fall through mid-1959. Overall consumer demand for eggs appears to be increasing at about the same rate as production during the last few years.

The United Kingdom, which will produce approximately 11 billion eggs in 1958, is second only to the United States among Free World producers. Output has trended up very sharply in the last few years under the impetus of relatively good guaranteed prices to producers. Thus Britain, formerly the world's largest importer of eggs, has now become practically self-sufficient. Despite slightly lower guaranteed prices, there are no indications that production will soon decrease. Chicken numbers in the United Kingdom during June 1958 were up 5 percent from the previous year with the greater gain concentrated in fowl under 6 months of age. A part of the latter gain may be attributed to Britain's relatively small but growing broiler industry.

France is the second largest egg producer in Europe, with a current annual rate of approximately 8 billion eggs. During the last 2 or 3 years, French production has trended

upward rather sharply. Normally a small net importer of eggs, particularly from the Netherlands, France too appears to be approaching self-sufficiency in egg supplies.

West Germany, while producing more than 6 billion eggs in 1957 and 1958, imported about 4 billion more--over half of the total world egg imports. About half of Germany's egg imports come from the Netherlands with Denmark supplying approximately one-fourth. The Soviet Bloc countries of Poland, Yugoslavia, Czechoslovakia, Bulgaria, and Hungary are also important German suppliers along with Belgium and Sweden. German shell egg imports in 1958 have continued near the high level of the previous year, which in turn was up sharply from 1956.

Egg production in Italy also runs about 6 billion per year but has shown only slight growth during the last two decades. Italy is the world's second largest importer of shell eggs, but its takings, at only 600-700 million pieces per year, rank well behind those of West Germany. The Netherlands and Denmark are major Italy suppliers; neighboring Yugoslavia and other Soviet Bloc countries are also important sources.

The Netherlands is the world's largest exporter of eggs. Shipments in the last few years have been at the rate of about 2.5 billion per year or more than one-third of the world total. Nearly nine-tenths of these exports now go to West Germany. Egg production in the Netherlands, now rapidly approaching 5 billion annually, is at a level almost  $2\frac{1}{2}$  times prewar. The number of chickens under 6 months of age to be kept for laying was reported during May 1958 at 14 percent above the previous year and 4 percent above the record high of 1956. The number of hens 6 months old and older was down 2 percent from the previous year, but otherwise the highest of record.

Denmark, with an annual egg output of only about 2.3 billion in recent years, is the world's second largest exporter of shell eggs. About 70 percent of Danish egg production is exported, constituting more than one-fifth of total world exports. With the United Kingdom recently becoming virtually self-sufficient, West Germany takes about 80 percent of Denmark's egg exports. Danish egg production in recent years has been declining slightly. Prior to World War II, Denmark and the Netherlands produced approximately the same number of eggs each year; in 1957, Dutch production was more than double Danish output. However, in April 1958 the number of Danish chickens under 6 months of age was higher by 35 percent (4.7 million head) than a year earlier. Thus egg production in late 1958 and in 1959 will be up sharply.

Minor producing and exporting countries in Western Europe are Belgium, Sweden and Finland. As stated previously, Yugoslavia and Poland, as well as other Soviet Bloc countries, appear to be moderately large egg producers and exporters, but little or no reliable data are available.

Other notable European importers of eggs are Switzerland and, to a lesser extent, Spain.

In South America, leading producers are Brazil and Argentina, with over 5 billion and 3 billion eggs, respectively, each year. Argentina exports small quantities. In Asia, Japan is a very important and growing producer of eggs, although not a big factor in international trade. Australia continues to be an important producer, but its exports have declined with the loss of the British market. As a result, egg output in Australia has declined slightly in recent years. Other important world egg exporters are Communist China--which may rank third only to the Netherlands and Denmark--and the Union of South Africa.

Egg production in Canada has recently trended upward very sharply, reaching 5.4 billion in 1957. However, output in late 1958 through mid-1959 may be down very slightly, since a smaller laying flock is expected. However, with the current level of price support at 44 cents per dozen, hatchings for flock replacement are increasing and egg production may rise sharply in late 1959 and early 1960. Canada, while normally exporting only a small share of its egg production, does compete directly with U.S. egg exports to



Venezuela and other Latin American countries. In 1958 Canada's Agricultural Stabilization Board sold surplus eggs on a bid basis for export at prices reported to be only slightly above 30 cents per dozen.

### Poultry Meat

Poultry meat production and consumption data are not available for most countries. Except in the United States and Canada, most chickens are raised for egg production and meat is mainly a byproduct. World turkey production is heavily concentrated in the same two countries, although some turkeys are produced in the United Kingdom, Ireland, and Argentina. The level of poultry meat production in most countries can be expected to follow egg production closely.

International trade patterns for poultry meat are also related to exports and imports of eggs. West Germany, the largest importer of eggs, is also the leading world market for poultry meat. West German imports are increasing and are now above 100 million pounds per year--perhaps from one-half to two-thirds of the total international trade in poultry meat. Switzerland, the United Kingdom, and Italy also import appreciable but much smaller quantities. Fairly large importers outside of Europe are Canada and the Caribbean area.

Denmark and the Netherlands are the leading exporters of poultry meat, as they are of eggs. Next come the United States and the Soviet Bloc countries in eastern Europe. U.S. exports are about one-fifth to one-fourth of total world trade in poultry meat and the United States is the only country exporting significant quantities of specialized broilers. In the United Kingdom, broiler production is now about 25 million head per year, and there are plans to produce 100 million by 1960. Broiler production is even less well developed in Denmark, West Germany, Italy, and other European countries, but a great deal of interest is now being shown. Canada, a large and growing producer of both broilers and turkeys still tends to import large quantities from the United States except that it currently restricts turkey imports. Canada is the only country that approaches the U.S. consumption level of nearly 35 pounds of poultry meat per person per year. Consumption in the United Kingdom is about 7 pounds compared to about 5 pounds for most other European countries. There are strong indications that consumer demand for poultry meat is increasing in most countries of the world.

### United States in the World Situation

#### Eggs

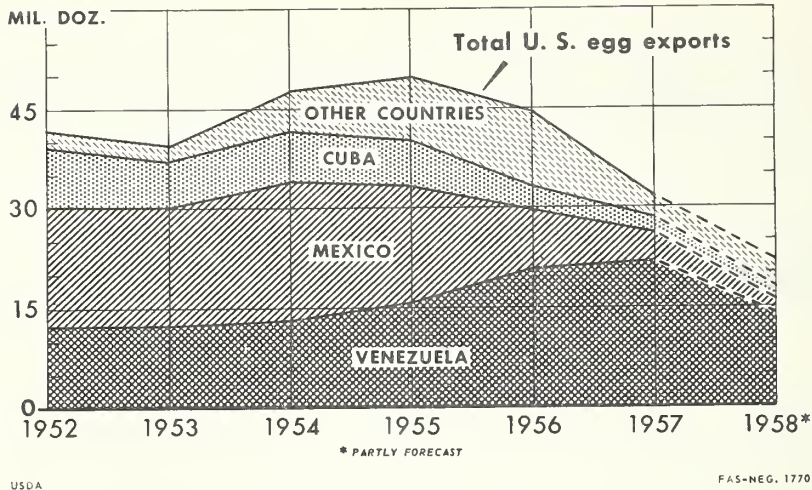
After reaching a peacetime peak in 1955 at about 50 million dozen, U.S. egg exports have declined each year through 1958 and are expected to decline further in 1959. In 1956 and 1957 sharply lower shipments to Mexico and Cuba accounted for most of the decline. These two countries are rapidly increasing domestic egg production and have restricted imports from the United States.

U.S. egg exports to Venezuela in recent years had trended consistently upward; in 1957 they reached 22 million dozen, representing 70 percent of total U.S. egg exports in that year. Shipments to this market are now declining, however, mainly because of price competition from Canada and Denmark. Another complicating factor added to the situation in late 1958 was the imposition of compulsory stamping and grading requirements on eggs imported into Venezuela. Denmark has had experience in the date-stamping of eggs for export and is likely to be affected much less than the United States by the new regulations.

Hatching eggs are expected to make up over one-fifth of total U.S. egg exports in 1958--more than 5 million dozen out of a total of perhaps 25 million dozen. Major customers for U.S. hatching eggs are Venezuela, Canada, and Cuba. Exports of eggs for hatching are probably increasing, but separate data are not available prior to 1958. The sharp increase in shipments to Venezuela is felt to be due mainly to that country's restrictions on imports of baby chicks. The outlook for U.S. exports of table eggs in late 1959 is dominated by prospective price relationships between U.S. eggs and those from competitive countries, relationships that are not expected to be particularly favorable for U.S. exports.



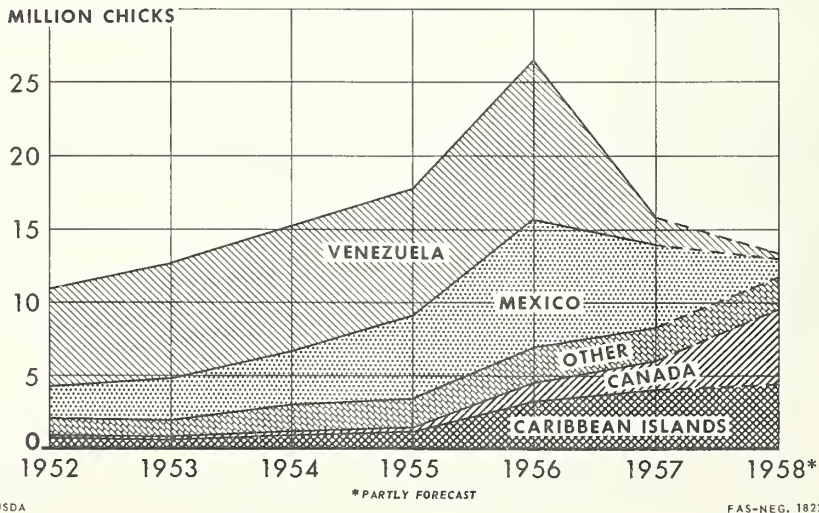
## U. S. Egg Exports Down Sharply From 1955 Peak



### Baby Chicks

U.S. exports of baby chicks reached a record level in 1956 at nearly 27 million head. Venezuela and Mexico accounted for nearly three-fourths of the total in that year; but both have now built substantial hatching industries and have drastically restricted imports of chicks. U.S. exports to Canada and the Caribbean Islands have increased but not yet enough to offset the loss of the Venezuelan and Mexican markets. Thus shipments of baby chicks were down sharply in 1957 and may decline further in 1958 to a level only about half of the 1956 record. However, prospects for 1959, although not altogether clear, indicate a moderate increase over 1958.

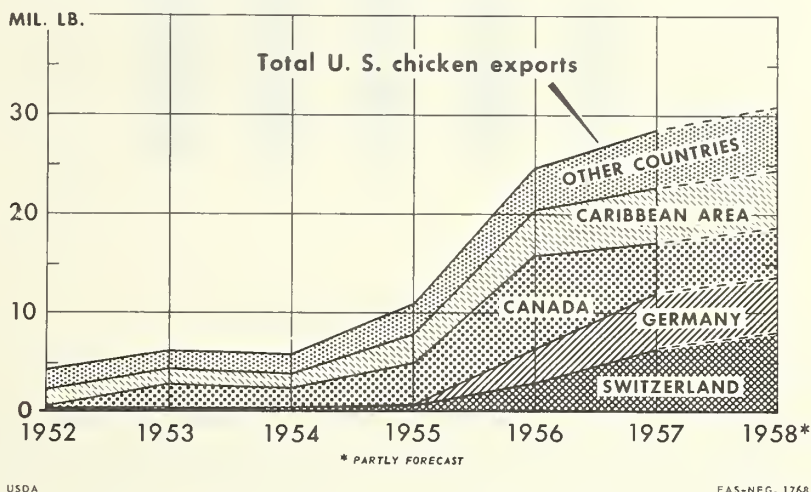
## Trade Restrictions Halt Uptrend in U. S. Baby Chick Exports



## Chickens

U.S. chicken meat exports are expected to increase substantially in 1958 to a new record of 32-35 million pounds. This would be an eightfold gain over the level of 1952. The same major factors that have contributed to this rapid advance indicate good prospects for 1959. These are (1) the spectacular gain in the efficiency of U.S. broiler producers, which has made possible the marketing of high-quality birds at relatively low prices, and (2) the successful introduction of U.S. ready-to-cook poultry in a number of important European markets.

### Switzerland Now Largest Buyer of Record High U. S. Chicken Exports



In 1957 and 1958, Switzerland was the largest market for U.S. frozen chickens. West Germany was second in 1957 but may have taken less than Canada in 1958. Canada restricted imports of fowl (stewing chickens) from mid-1957 through early 1958 but recently has taken large quantities of broilers despite a sharp increase in domestic output. The Caribbean Islands, mainly Jamaica, Trinidad, and Curacao, are importing more and more U.S. chicken.

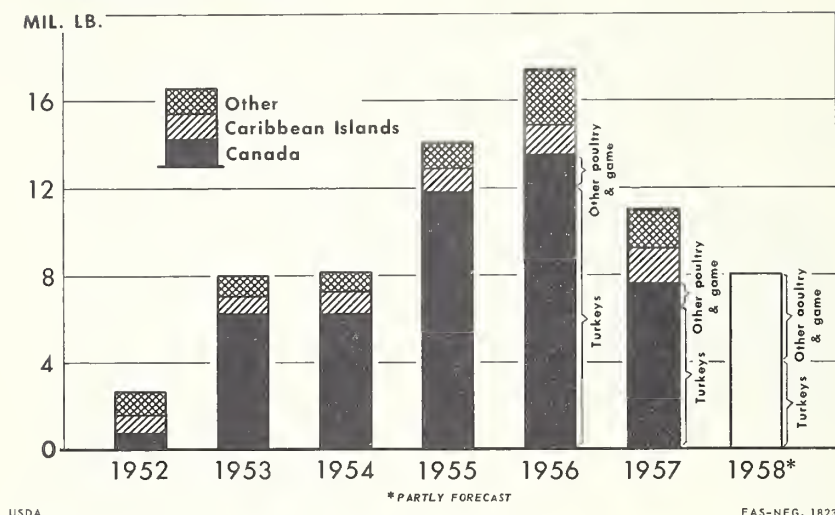
Other important markets are Mexico, Bermuda, the Netherlands (for reexport), and the Panama Canal Zone. Italy is taking U.S. frozen poultry in significant quantities in 1958-59 through sales for local currency under Public Law 480. Separate data for U.S. exports of broilers as opposed to fowl are available for the first time in 1958. These indicate that about 60 percent of total U.S. fresh or frozen chicken exports are broilers. Most European and Caribbean markets take an even larger proportion of broilers.

## Turkeys

U.S. exports of turkey meat increased dramatically through 1956 but have since declined just as sharply owing to an embargo imposed by Canada in July 1957. Prospects for turkey exports in late 1958 and thereafter are dominated by uncertainty whether the Canadian embargo will be further modified.

Total U.S. exports of "Other poultry and game" were 17.3 million pounds in 1956; 78 percent went to Canada. About nine-tenths of these exports are believed to have been turkeys, which appear separately in export statistics for the first time in 1958. Thus total exports of turkeys may have declined from about 15 million pounds in 1956 to 10 million in 1957 and to only 3-5 million in 1958. The estimate for 1958 assumes that any liberalization granted by Canada will not come in time to have much effect on this year's shipments.

## Drop in U. S. Turkey Exports Due to Canadian Embargo



## Building World Markets

### On-the-Spot Surveys

On-the-spot surveys were conducted by poultry marketing specialists to evaluate, extend, and broaden marketing opportunities in Europe, Africa, and Latin America. On-the-spot work was also done to support and intensify the survey and promotional work being carried on by the Institute of American Poultry Industries (IAPI), the cooperator, in the more promising markets of Western Europe, notably Germany and Switzerland.

A poultry marketing specialist, accompanied by a U.S. trade representative, surveyed markets in nine Latin American countries, including Guatemala, El Salvador, Costa Rica, Colombia, Peru, Chile, and Venezuela, to evaluate trends in production and the effect of local programs to increase it, as well as trends in income and demand. Useful information on prices, import duties, freight costs, and trade barriers was obtained in these countries. This was done to pinpoint the categories of poultry and poultry products for which current or prospective markets exist. Of special interest was the extent to which larger purchases of U.S. dressed poultry, by increasing demand, had benefited the local poultry industry, especially in Peru and Trinidad.

About mid-1958, a poultry marketing specialist surveyed prospects for U.S. poultry and poultry products in Italy, Portugal, and the African countries of Ghana and the Belgian Congo. As a result of the marketing survey in Italy, the industry's attention was called to the possibility of selling U.S. chicks and hatching eggs to supply Italy's growing broiler industry, to the growing demand for U.S. broilers resulting from U.S. trade fairs, and to the value of follow-up activity to develop markets.

This specialist, who subsequently assisted in a series of European trade fairs, also made surveys in Switzerland, Belgium, and the Netherlands to help initiate market development projects. A report on these developments is in progress.

### Participation in Meetings

FAS activities have included participation in national and international poultry meetings. For example, representatives of the Division were on the program of the



Pacific Dairy and Poultry Association and participated in a panel discussion on export problems at the Institute of American Poultry Industries' Fact-Finding Conference. A representative of FAS was also a member of the official delegation to the 11th World's Poultry Congress held in Mexico. This type of activity serves the industry by keeping it advised of the problems of exporting its products and by outlining procedures and methods to expand exports.

#### Overcoming Dollar Shortages

Current U.S. poultry and egg export markets have not been greatly affected by dollar shortages. Practically all U.S. poultry and egg exports have been for dollars. These products have not been in CCC inventory, and are therefore ineligible for donation under Titles II and III of P.L. 480. Although limited use has been made of sales for local currencies and economic aid programs in moving poultry and eggs in 1958, approximately \$2.5 million of poultry meat was programed to Turkey and \$1 million to Italy under Title I of P.L. 480. The Republic of West Germany, under a Title I agreement for which shipments were completed in 1957, purchased \$1.2 million worth of poultry.

There is a need for credits to foreign buyers of U.S. poultry and poultry products. Exports of these commodities are not eligible for loans under the CCC program.

#### Lessening Trade Barriers

Foreign countries continue to raise or maintain restrictions and barriers limiting imports of poultry and poultry products from the United States.

Early in 1958, the Government of Trinidad proposed severe restrictions on the importation of U.S. chicks. As a result of a visit by FAS marketing specialist, the proposed restrictions were greatly modified to the benefit of the U.S. poultry industry.

The Government of Venezuela announced new regulations requiring the stamping of imported individual eggs with grade, the designation "imported", and other requirements. The first proposed effective date of these regulations would have caused serious disruption of U.S. trade and would have been detrimental both to the U.S. exporter and to the Venezuelan importer. This situation was made known to the Venezuelan Government, and suggestions were made as to modification of the requirements. The requirements which went into effect will not impose as severe a handicap to the U.S. exporter as those originally proposed.

#### Private Trade Activities

Private U.S. exporters of poultry and poultry products and their organizations have worked closely with foreign importing associations to develop markets for poultry and eggs. They have established international preferences for their products at competitive prices, under prevailing U.S. cost conditions and without export subsidies.

On-the-spot market surveys, carried on by private and nongovernmental agencies interested in poultry market development, have often served as a guide with respect to areas and methods for effective FAS market development programs. Their findings have been available both for immediate commercial and for longer-term development projects. These programs have been capitalized upon with timely and continuous exports of good products.

Exporters of these products have participated privately and through their associations in international trade fairs. They have offered their assistance in presenting the story of the amazing technological progress of the U.S. poultry industry and in introducing and demonstrating the variety of U.S. ready-to-cook poultry and egg products.

They have cooperated with FAS marketing specialists in supplying technical advice on a range of modern marketing practices and devices and the use of product utilization techniques.

While some of the above activities have been in support of FAS-IAPI projects, most of them have been at no expense to the U.S. Government.

### Projects Using Foreign Currencies

In 1958, market development projects for live poultry, poultry meat, and eggs under section 104(a) of P.L. 480 included a continuance and expansion of market survey and evaluation activities, but the main emphasis was placed on market promotional activities, especially in the more promising markets of Western Europe. In these industrialized, high-income markets, considerations of competitive supply and price carry less weight than the adequacy of refrigerated space available in transportation, storage, and marketing facilities.

Promotional activity in West Germany was intensified, after market surveys had been largely completed in cooperation with IAPI. Also of benefit were demonstration, education, and information activities, general and specialized sales promotion, and participation in the Munich fair. Sharply increased imports of prepared poultry resulted, and an expansion of this program into new areas is planned. Project activity was also intensified in Switzerland, where the recent increase in imports of U.S. poultry has been even more phenomenal; and the cooperation of special trade groups and of educational institutions is being developed. Market surveys are now in process or have recently been completed for Belgium, the Netherlands, Chile, Colombia, Greece, Italy, Peru, and Spain; and promotional activities are being considered.

### Trade Fairs

IAPI, the cooperator for poultry, has been working with FAS through actively participating in international fairs and expositions sponsored by the U.S. Departments of Agriculture and Commerce. These trade fairs have proved to be an effective means of attracting foreign governments, trade, and processors alike to the quality, abundance, and reasonable prices of U.S. poultry products as well as to U.S. methods of producing, processing, and marketing. In addition to stimulating local trade groups to seek methods by which these products may be purchased, entered, and sold, these fairs have stimulated interest in importing poultry breeding stock. Frequently featuring demonstrations of feeding, processing, packaging, distribution, and accompanied by educational and trade conferences, they have done much to pave the way for subsequent market development.

Among the more effective fairs in the introduction of poultry products were those at Munich, where samples of fried chicken were sold at nominal prices to thousands daily; at Bari, Italy, where U.S. breeding stock, feeding methods, and poultry preparation methods were featured; at Varese, Italy; at São Paulo, Brazil; at Izmir, Turkey; and at London, England.

### Special Problems

Frozen eviscerated poultry is one of the most readily available and competitive poultry items exportable from the United States. This is a new item, even in the highly developed countries. However, the distribution and marketing facilities of these countries do not include ample refrigeration at the retail outlet. It is necessary to encourage modification of distribution systems to increase the importation of the U.S. frozen commodity. In some countries also, restrictive trade practices exist, one of which is limiting the distribution of individual commodity items to a number of small retailers. The small volume handled by the average retailer does not lend itself to the use of large-scale refrigeration facilities. With the development of the supermarket type of retail outlet, greater facilities for the promotion and sale of U.S. frozen poultry will be available if such outlets are authorized to sell poultry and poultry products.

### Market Information

To serve as a guide to export market activities for poultry and poultry products, FAS publishes circulars covering trends in foreign production, U.S. and world trade, and

related information, by principal countries. Market prospects for poultry and poultry products in Latin America are summarized in an FAS circular for Chile, Colombia, Costa Rica, El Salvador, Guatemala, the Netherlands Antilles, Peru, Trinidad, and Venezuela. Similar circulars are being prepared for Italy, Portugal, the Belgian Congo, and Ghana.

A basic study of poultry and egg imports by major importing countries for 1956 and 1957 is in preparation. This study, by measuring the size and structure of the world market and the source of competitive supplies, should contribute significantly to the planning and operation of market development projects for U.S. poultry.

Information received from marketing specialists and attachés, of interest to exporters of these products, is released in the weekly Foreign Crops and Markets.

Following is a list of all poultry and egg circulars published in 1958.

FPE 1-58	Egg Production Sets Record, Chicken Numbers Up, in Specified Countries	June 3, 1958
FPE 2-58	The Latin American Market for U.S. Poultry and Poultry Products	July 25, 1958
FPE 3-58	U.S. Foreign Trade in Poultry and Eggs, 1957 and Indicated 1958	September 30, 1958
FPE 4-58	Pattern of World Trade in Poultry and Eggs, 1956 and 1957	December 1958







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